MEPC

Canadian Properties Limited

Annual Report 1974

"DEVONIAN" BUILDING, JASPER AVENUE, EDMONTON, ALBERTA

MEPC
Canadian Properties Limited

Board of Directors

P. A. Anker, F.R.I.C.S., F.R.I.
Managing Director—
MEPC Limited
London, England.

David J. Davies, M.A.
Director—
MEPC Limited
London, England.

Gordon C. Gray, F.C.A.
President—
A. E. LePage Limited
Toronto, Ontario.

R. A. Greiner, F.R.I.
President—
M.E.P.C. Canadian Properties Limited
Toronto, Ontario.

R. H. D. King, C.A., F.C.A.
Vice President—
M.E.P.C. Canadian Properties Limited
Toronto, Ontario.

D. A. McIntosh, Q.C.
Partner—
Fraser & Beatty
Toronto, Ontario.

W. C. Mearns, B.A., P.Eng.
Director—
Bank of British Columbia
Vancouver, B.C.

The Hon. Angus Ogilvy
Director—
MEPC Limited
London, England.

G. E. A. Pacaud, B.Sc., LL.B.
Senior Vice President—
M.E.P.C. Canadian Properties Limited
Toronto, Ontario.

A. Ross Poyntz, F.C.I.A.
Chairman—
The Imperial Life Assurance Company of Canada
Toronto, Ontario.

D. N. Stoker
Director—
Nesbitt, Thomson & Company, Limited
Montreal, P.Q.

D. A. Thompson, Q.C.
Senior Partner—
Thompson, Dorfman, Sweatman
Winnipeg, Manitoba.

Executive Officers

A. Ross Poyntz, F.C.I.A.
Chairman of the Board

R. A. Greiner, F.R.I.
President and General Manager

G. E. A. Pacaud, B.Sc., LL.B.
Senior Vice President and Secretary/Solicitor

R. H. D. King, C.A., F.C.A.
Vice President and Treasurer

M. H. Morgan, F.R.I.C.S., F.R.I.
Vice President, Administration

A. K. Stephens, F.R.I.
Vice President, Investments

J. W. Weir, B.Arch., M.R.A.I.C.
Vice President, Development

R. W. Heslop, F.R.I.
Vice President, Eastern Region

M.E.P.C. CANADIAN PROPERTIES LIMITED IS A MEMBER OF THE CANADIAN INSTITUTE OF PUBLIC REAL ESTATE COMPANIES (C.I.P.R.E.C.)

President's Report

Financial Results

Your Company has achieved a further year of satisfactory growth despite rapidly escalating costs which have affected the real estate industry during the period. Net earnings from normal operations increased to $2,353,000 or 40 cents per share, up from $1,858,000 or 32 cents per share in 1973. Gains from disposal of investment properties have increased net earnings for the year to $4,731,000 or 83 cents per share. To a large extent, these gains are of a non-recurring nature as they are the result of the expropriation of four of our Ottawa properties by the Federal Government.

As reported in the interim statement of 1974, the expropriation was challenged by the company in the Federal Court of Canada. The decision of this Court has now been handed down in favour of the Federal Government. The four properties expropriated included the "La Promenade" office building developed by your Company in 1971. The Government has indicated that the reason for the expropriation was "to provide for the protection and enhancement of the environment of Parliament Hill and to provide future accommodation for the needs of the Parliament and the Government of Canada". Compensation of $11,141,000 has been received to date, but in the opinion of management, this does not reflect the full market value of the properties on the date of expropriation. Appraisers have been engaged by your Company to determine market value and when this work is completed further action will be taken to secure the full market value.

Gross cash flow from normal operations has increased to $5,396,000 or 95 cents per share, up from $4,490,000 or 80 cents per share. After gains on disposal of investment properties, gross cash flow increased to $7,850,000 or $1.39 per share.

The past year has been an extremely active one for your Company and this is reflected in the figures shown in the balance sheet. In spite of the disposal of over $9,000,000 of real estate during the year, total assets increased by more than $20,000,000 which is reflected primarily in the figures shown for properties and developments in progress.

Operating Policies

In recent months it has become difficult to plan asset growth for the future. Long term interest rates are high and building costs have been escalating at an unprecedented rate. Your Company has altered its investment and development policies in order to concentrate on selected opportunities where uncertainties are minimized. In view of the current domestic and international economic conditions, it remains the policy of your Company to maintain substantial amounts of unencumbered property and credit facilities, thus enabling the Company to take advantage of opportunities which may arise as a result of these conditions.

U.S.A.

In March of this year your Company, in conjunction with MEPC Limited, formed an American company, M.E.P.C. American Properties Incorporated, for the purpose of expanding the operations of the Group into that country. Your Company owns one-third of the equity of this American company and the balance is owned by MEPC Limited. In July an office was opened in Chicago, Illinois, and negotiations are proceeding to acquire a group of investments valued at approximately $20,000,000 (U.S.) in Minneapolis, Minnesota. It is the opinion of your directors that the United States will offer many exciting opportunities over the coming years.

Legislation

The Province of Ontario in 1974 enacted two important pieces of legislation, one affecting investment by foreign controlled companies in real estate located in Ontario, and the other affecting speculative dealings in certain types of property.

The Ontario Land Transfer Tax will require the Company, unless exempted, to pay a 20% tax on the acquisition of a property investment. It is the announced policy of the Ontario Government that, in certain circumstances, exemptions from payment shall be made; however, regulations clarifying these circumstances are still in the course of preparation. Pending this clarification and the issuance of regulations, your Company will make application for full exemption from the tax on any new investment in Ontario.

It is not expected that the Land Speculation Tax Act will affect the operations of your Company.

Directors

As reported in the interim statement, Sir Henry Johnson tendered his resignation as a Director at the end of January and Mr. D. J. Davies, Finance Director of MEPC Limited, was appointed a Director of the Company.

Mr. Donald A. Thompson of Winnipeg has recently advised your Board that he will not be standing for re-election as a Director as it is his intention to reduce his business commitments. Mr. Thompson has served on your Board since 1963 and his strength and wise counsel will be missed by all. The Honourable W. Jack McKeag, President of McKeag Harris Realty & Development Co., Ltd., will stand for nomination as a Director of the Company at the forthcoming Annual and General Meeting to fill this vacancy.

Appreciation

Finally, on behalf of your Board, I would like to express sincere thanks to the members of the staff for their contribution to the successful operations of your company during the past year.

R. A. GREINER
President

November 1, 1974

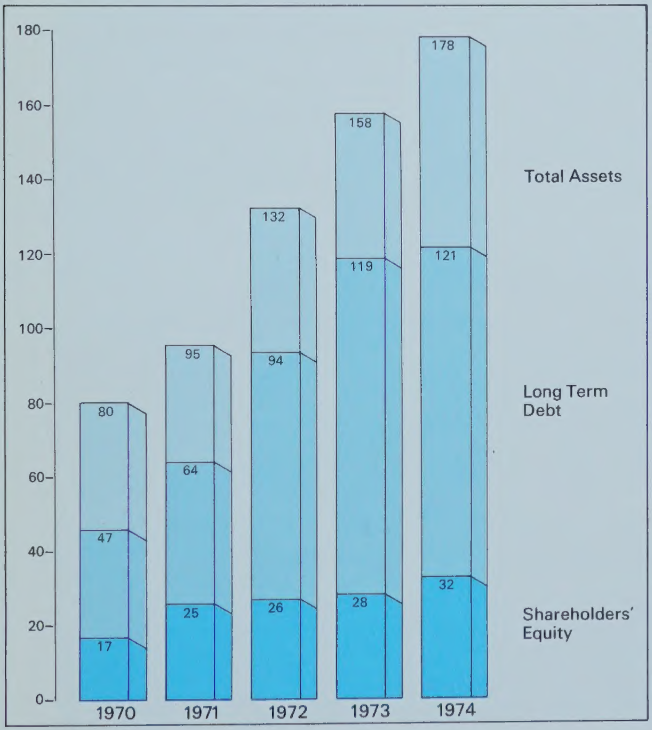
Financial Highlights (expressed in thousands of dollars)

	1974	1973
Rental Income	$ 20,917	$ 18,014
Gross Cash Flow Before Gain on Disposal of Investment Properties	$ 5,396	$ 4,490
per share*	95¢	80¢
Gross Cash Flow For the Year	$ 7,850	$ 4,842
per share*	$ 1.39	87¢
Net Earnings Before Gain on Disposal of Investment Properties	$ 2,353	$ 1,858
per share*	40¢	32¢
Net Earnings For the Year	$ 4,731	$ 2,190
per share*	83¢	38¢
Total Assets	$178,157	$157,986
Shareholders' Equity	$ 32,290	$ 27,819
Average Number of Common Shares Outstanding	5,558,000	5,424,000

*Based on average number of shares outstanding during the year, and after deduction of dividends paid on the Preference Shares.

Balance Sheet Growth

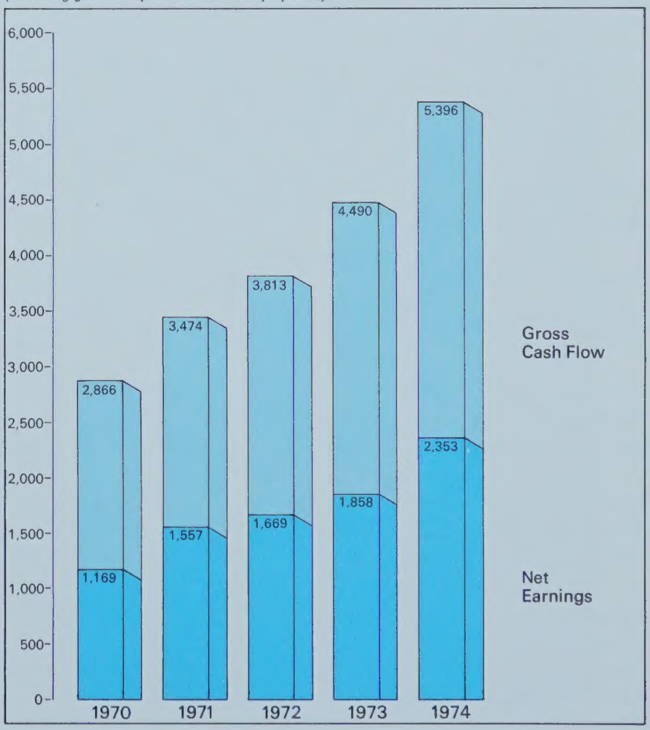
($ in millions)



Income Growth

(Excluding gain on disposal of investment properties)

($ in thousands)



"LLOYDS ELECTRONICS" BUILDING, INKSTER PARK, WINNIPEG, MANITOBA
Construction is now in progress on this 125,000 sq. ft. industrial building for Lloyds Electronics Limited and is scheduled for completion in the spring of 1975.

Head Office
Suite 300, 1027 Yonge Street,
Toronto, Ontario M4W 3E8
964-2811

Auditors
Campbell, Sharp, Nash & Field,
Chartered Accountants

Stock Transfer Agent and Registrar
The Royal Trust Company

Bond Trustees
The Royal Trust Company
Montreal Trust Company

Common Shares Listed
The Toronto Stock Exchange
The Montreal Stock Exchange

Preference Shares and Warrants (October 1976 Series) Listed
The Toronto Stock Exchange

Bankers
Bank of Montreal
Canadian Imperial Bank of Commerce
Bank of British Columbia
Royal Bank of Canada

BRANCH OFFICES

Eastern
6009 Quinpool Road
Halifax, Nova Scotia
429-6176
R. E. Cunningham

710 Place d'Youville
Quebec City, Quebec
525-6133
J. G. Larose

1470 Peel Street
Montreal, Quebec
849-9489
P. Ronchetti

267 O'Connor Street
Ottawa, Ontario
237-6373
J. B. Campbell

1250 Bay Street
Toronto, Ontario
964-8434
J. D. Slidders, B.Com., F.R.I.

Western
310 Broadway Avenue
Winnipeg, Manitoba
947-0524
O. W. Steele

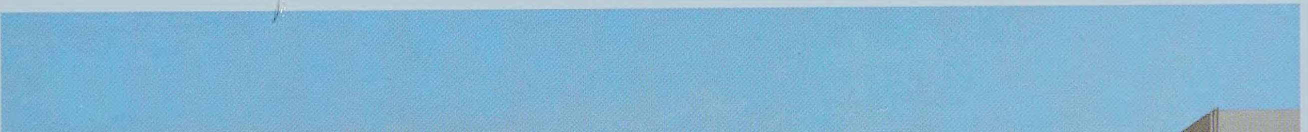
10025 Jasper Avenue
Edmonton, Alberta
424-0507
A. Evans, A.C.A.

239-8th Avenue S.W.
Calgary, Alberta
266-1695
T. F. Prete

1200 West Pender Street
Vancouver, B.C.
681-9474
R. C. Lee, P.Eng.

880 Douglas Street
Victoria, B.C.
383-4168
J. W. E. Hayes, F.R.I.

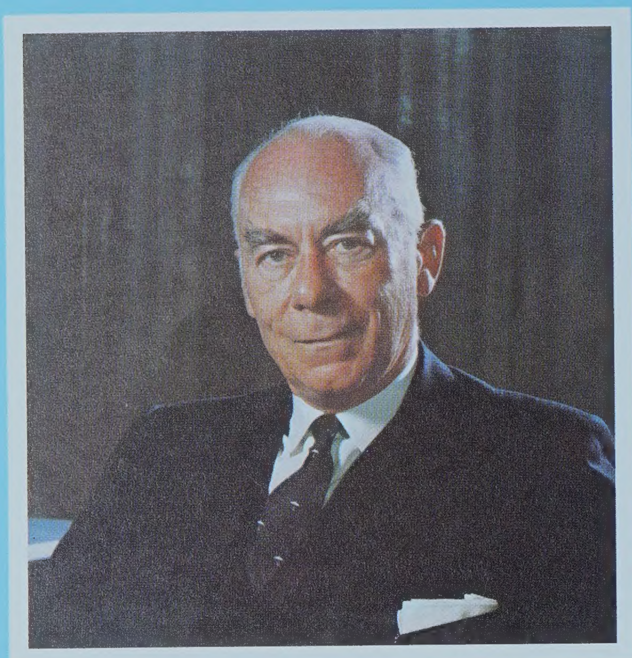
"BAKER" BUILDING, 105TH STREET, EDMONTON, ALBERTA



"CURRY" BUILDING, PORTAGE AVENUE, WINNIPEG, MANITOBA

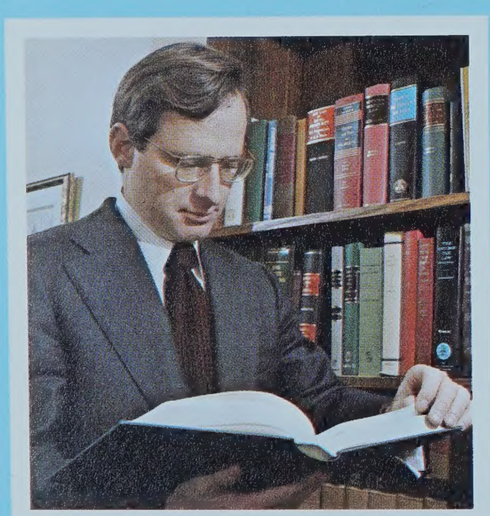
This building is presently undergoing substantial renovations. Upon completion, it will be occupied by several tenants including Montreal Trust Company and Canadian Imperial Bank of Commerce.

Executive Officers

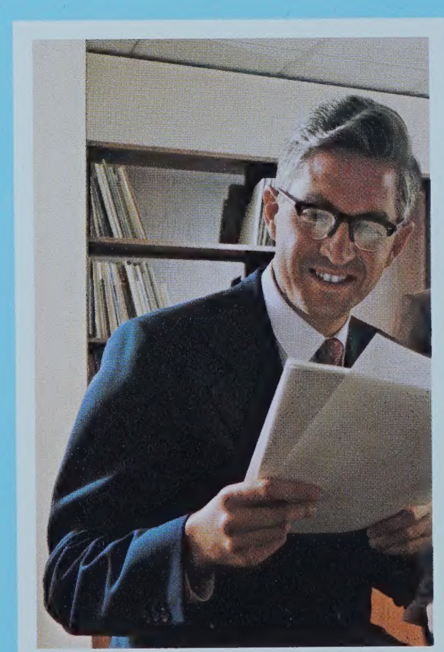


A. Ross Poyntz,
Chairman of the Board

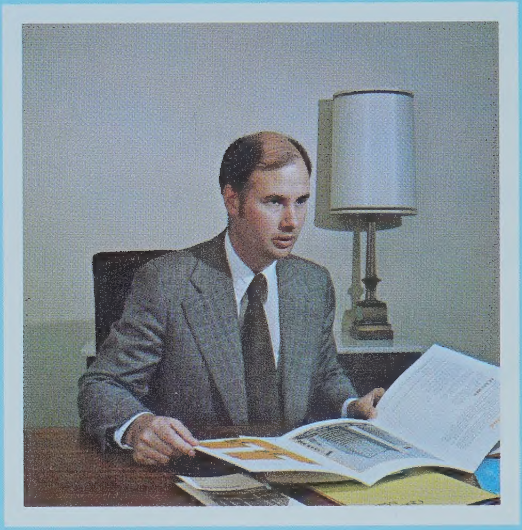
R. A. Greiner,
President



G. E. A. Pacaud,
Senior Vice President and Secretary/Solicitor

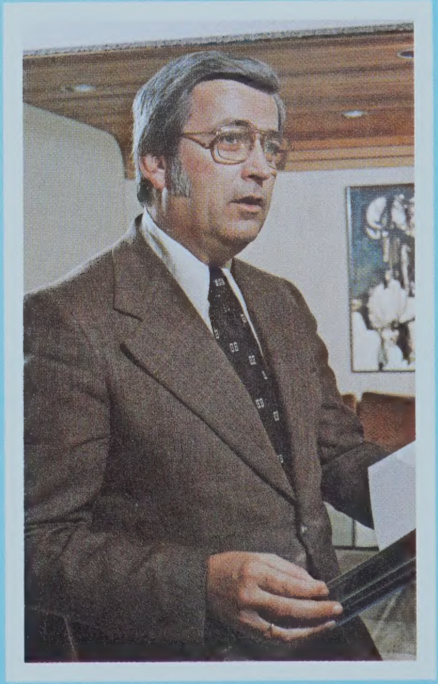


R. H. D. King,
Vice President and Treasurer



A. K. Stephens,
Vice President, Investments

J. W. Weir,
Vice President, Development



R. W. Heslop,
Vice President, Eastern Region

M. H. Morgan,
Vice President, Administration

Consolidated Balance Sheet as at September 30, 1974

Assets	1974	1973
	(in thousands of dollars)	
Cash	$ 157	$ 309
Short-term investments	14,501	17,657
Rents and sundry receivables	629	698
Prepaid expenses	635	837
Properties (note 2)	141,206	130,595
Developments in progress (note 3)	14,769	4,513
First mortgages and loans receivable	4,085	1,315
Unamortized financing and other expenses	2,175	2,062
	$178,157	$157,986

On behalf of the Board

A. R. POYNTZ, Director

R. A. GREINER, Director

Liabilities	1974	1973
	(in thousands of dollars)	
Bank and other demand loans	$ 10,792	$ 1,200
Accounts payable and accrued liabilities	4,790	3,121
Income taxes payable	182	19
Notes and advances payable (note 4)	10,443	4,000
Long-term debt (note 13)	110,708	114,707
Deferred income taxes (note 1)	8,952	7,120
	145,867	130,167
Shareholders' Equity		
Capital (notes 5 and 6)		
Preference shares	2,141	2,182
Common shares	19,080	18,174
Retained earnings	11,069	7,463
	32,290	27,819
	$178,157	$157,986

Consolidated Statement of Earnings and Retained Earnings
for the year ended September 30, 1974

		1974	1973
		(in thousands of dollars)	
RENTAL INCOME		$ 20,917	$ 18,014
TRADING PROFITS		511	—
		21,428	18,014
EXPENSES:			
Property	$ 7,205		6,149
Interest—net (note 7)	8,262		6,999
Administrative and general	717		513
		16,184	13,661
NET OPERATING INCOME		5,244	4,353
Depreciation (note 1)		936	852
NET EARNINGS before the following items		4,308	3,501
Provision for income taxes—current	199		119
—deferred (note 1)	1,756		1,524
		1,955	1,643
NET EARNINGS before gain on disposal of investment properties		2,353	1,858
Gain on disposal of investment properties after deducting deferred income taxes of $76,000 ($20,000 in 1973) (note 8)		2,378	332
NET EARNINGS for the year		4,731	2,190
RETAINED EARNINGS, beginning of year		7,463	6,319
Gain on purchase for cancellation of preference shares (note 5)		12	11
		12,206	8,520
Dividends paid—preference shares	130		133
—common shares	1,007		924
		1,137	1,057
RETAINED EARNINGS, end of year		$ 11,069	$ 7,463
EARNINGS PER COMMON SHARE (note 10)			
Before gain on disposal of investment properties		40¢	32¢
For the year		83¢	38¢

Consolidated Statement of Source and Use of Funds

for the year ended September 30, 1974

	1974	1973
	(in thousands of dollars)	
FUNDS PROVIDED BY		
OPERATIONS		
Net earnings before gain on disposal of investment properties	$ 2,353	$ 1,858
Depreciation (note 1)	936	852
Amortization of financing and other expenses	351	256
Deferred income taxes (note 1)	1,756	1,524
GROSS CASH FLOW before gain on disposal of investment properties	5,396	4,490
Gain on disposal of investment properties (note 8)	2,454	352
GROSS CASH FLOW for the year	7,850	4,842
Annual payments on long-term debt	2,419	2,147
	5,431	2,695
Dividends paid	1,137	1,057
Funds available from operations for reinvestment	4,294	1,638
NEW FINANCING		
Additional long-term debt	8,185	30,348
Issue of capital stock	906	321
PROCEEDS (net of applicable mortgages) from disposal of investment properties less gains on disposal included in funds available from operations	8,152	124
	21,537	32,431
FUNDS USED FOR		
Investment in real estate	31,203	15,944
Repayment of long-term debt	2,225	1,490
Redemption of preference shares	29	39
Increase in other assets, net	3,083	724
	36,540	18,197
INCREASE (DECREASE) IN FUNDS	(15,003)	14,234
FUNDS, beginning of year	15,161	927
FUNDS, end of year (note 12)	$ 158	$15,161
GROSS CASH FLOW PER COMMON SHARE (note 10)		
Before gain on disposal of investment properties	$ .95	$ .80
For the year	$ 1.39	$ .87

1. ACCOUNTING POLICIES

(a) General

The Company's accounting policies are substantially in accordance with the recommendations of the Canadian Institute of Public Real Estate Companies.

(b) Consolidation

The consolidated financial statements include

(i) the accounts of M.E.P.C. Canadian Properties Limited and all of its subsidiaries, and

(ii) the 50% share of the assets, liabilities and earnings pertaining to the Company's interest in an unincorporated joint venture.

(c) Capitalization of Costs

The Company follows the policy of capitalizing, as a part of the cost of acquisition and development of properties:

(i) direct carrying costs such as interest, realty taxes and other costs which pertain to such properties;

(ii) the applicable portion of administrative overhead, professional fees and interest on general borrowings, and

(iii) income and operating expenses until such time as the break-even point in cash flow from the property is attained subject to a maximum period of one year after substantial completion of the property.

The following amounts were capitalized during the fiscal years ended September 30, 1974 and 1973:

	1974	1973
Interest	$ 912,949	$201,027
Property taxes and other costs	569,535	292,685
Net rental income	(189,706)	(46,596)
	$ 1,292,778	$447,116

(d) Depreciation

The Company's income-producing properties are depreciated on a 6%, 40-year sinking fund basis. Depreciation on buildings amounts to $901,000 for 1974 and $811,000 for 1973. Other assets are depreciated on the declining balance method.

(e) Income Taxes

The Company claims for income tax purposes, depreciation, interest and other expenses, the amounts of which differ from those recorded for the purpose of determining accounting income. In accordance with the recommendations issued by the Canadian Institute of Chartered Accountants, the Company adopted the policy of recording income taxes so deferred for 1968 and subsequent years while amounts aggregating $2,057,000 applicable to the years prior to 1968 have not been recorded.

2. PROPERTIES

	1974	1973
Land, at cost	$ 37,425,858	$ 32,707,766
Buildings and improvements, at cost	110,143,246	103,810,942
	147,569,104	136,518,708
Less: Accumulated depreciation	6,362,673	5,923,471
	$141,206,431	$130,595,237
Includes Properties for Resale	*$ 4,447,574*	*$ 4,982,996*

3. DEVELOPMENTS IN PROGRESS

	1974	1973
Land, at cost	$ 5,846,872	$ 2,065,396
Construction in progress	8,921,684	2,447,103
	$ 14,768,556	$ 4,512,499
Includes Properties under Development for Resale	*$ 1,699,094*	—

4. NOTES AND ADVANCES PAYABLE

	1974	1973
Notes payable		
9¾%, repayable, August 31, 1974	$ —	$ 2,000,000
10%, repayable, September 26, 1974	—	2,000,000
Unsecured Advances from Parent Company		
13½% (subject to review on October 15, 1974), repayable, January 15, 1975	600,000	—
13¾%, repayable, July 10, 1975	9,842,520	—
	$10,442,520	$ 4,000,000

5. CAPITAL

Authorized	Issued		1974	1973
225,653	85,653	Preference shares with a par value of $25 each, issuable in series —6% cumulative, redeemable preference shares, Series A	$ 2,141,325	$ 2,181,650
7,500,000	5,612,246	Common shares without par value	19,080,249	18,173,966
			$21,221,574	$20,355,616

Preference Shares

1,613 Preference shares, Series A, were purchased for cancellation during the year and the authorized and issued share capital reduced accordingly.

The Preference shares, Series A, are redeemable at the option of the Company at $25.75 per share until June 1, 1975 and thereafter at reducing amounts.

Common Shares

155,170 Common shares without par value were issued during the year for $906,283 in cash. Of these shares, 138,170 were issued to holders of the share purchase warrants, and 17,000 were issued under stock options granted to executives and key employees of the Company.

648,224 Common shares are reserved for issuance against the exercise of share purchase warrants and transactions during the year were as follows:

Expiry Date	Price/ Share	Balance September 30, 1973	Exercised in 1974	Balance September 30, 1974
June, 1976	$3.50	73,079	3,855	69,224
December, 1976	6.67	40,000	—	40,000
October, 1976	6.00	673,315	134,315	539,000
		786,394	138,170	648,224

150,700 Common shares are reserved for issuance under stock options granted to executives and key employees of the Company and transactions during the year were as follows:

Expiry Date	Price/ Share	Balance September 30, 1973	Granted in 1974	Exercised in 1974	Balance September 30, 1974
July, 1974	$4.50	1,000	—	1,000	—
August, 1976	4.95	30,000	—	8,000	22,000
September, 1976	4.95	18,000	—	6,000	12,000
September, 1977	6.55	8,000	—	2,000	6,000
January, 1979	9.00	—	93,600	—	93,600
January, 1979	8.10	—	10,400	—	10,400
July, 1979	7.42	—	6,700	—	6,700
		57,000	110,700	17,000	150,700

6. DIVIDEND RESTRICTIONS

The Trust Deeds and Trust Indenture under which the First Mortgage Bonds and Sinking Fund Debentures were issued, contain certain restrictions on the declaration or payment of dividends on common shares so long as any of the said bonds or debentures are outstanding.

The conditions attached to the preference shares, Series A, contain certain restrictions on the declaration or payment of dividends on the common shares.

7. INTEREST

Interest expense includes the following:

	1974	1973
Interest on long-term debt (including amortization of bond discount and other financing expenses)	$10,224,800	$7,210,761
Interest on bank loans and other indebtedness	575,975	343,713
	10,800,775	7,554,474
Less: Interest applicable to properties under development	912,949	201,027
	9,887,826	7,353,447
Less: Income from short-term investments	1,625,777	354,502
Interest expense—net	$ 8,262,049	$6,998,945

8. GAIN ON DISPOSAL OF INVESTMENT PROPERTIES

Gain on disposal of investment properties includes $2,309,356 from expropriation of certain properties in the Ottawa region by the Federal Government. In the opinion of management the compensation received is inadequate and further action will be instituted for additional compensation.

9. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The aggregate direct remuneration paid during the year to directors and senior officers of the Company amounted to $255,492 ($188,574 in 1973).

10. EARNINGS AND GROSS CASH FLOW PER COMMON SHARE

Earnings and gross cash flow per common share are based on the weighted monthly average number of shares outstanding during each year (5,558,000 in 1974 and 5,424,000 in 1973) and after deduction of dividends paid on the preference shares as shown in the Consolidated Statement of Earnings and Retained Earnings. Exercise of share purchase warrants and stock options outstanding would not materially dilute the earnings and gross cash flow per common share.

11. COMMITMENTS

Capital Expenditures

Expenditures of $7,685,000 will be required to complete the current development program as at September 30, 1974. In addition, the company is committed to expenditures aggregating $125,000 for the acquisition of properties.

Land Leases

The aggregate minimum annual rental obligation under land leases is as follows:

1975 to 2010—$150,644	2059 to 2063—$ 70,800
2011 to 2026—$127,681	2064 to 2069—$ 60,000
2027 to 2058—$ 79,681	

Finance

Long-term financing in an amount aggregating $4,975,000 has been arranged and will be drawn during the 1975 fiscal year.

12. DEFINITION OF FUNDS

	1974	1973
Cash	$ 157	$ 309
Short-term investments	14,501	17,657
Rents and sundry receivables	629	698
Prepaid expenses	635	837
Bank and other demand loans	(10,792)	(1,200)
Accounts payable	(4,790)	(3,121)
Income taxes payable	(182)	(19)
	$ 158	$15,161

13. LONG-TERM DEBT

	1974	1973
First Mortgage Sinking Fund Bonds		
Series A, 6¾%, due August 1, 1982 (after deducting $171,000 ($37,000 in 1973) principal amount purchased and held for sinking fund purposes)—$125,000 repayable annually	$ 1,705,000	$ 1,964,000
1983 Series, due December 1, 1983		
5⅞%, U.S. $2,187,500—U.S. $62,500 repayable semi-annually	2,368,815	2,503,803
6⅜%, (after deducting $30,000 ($35,000 in 1973) principal amount purchased and held for sinking fund purposes)—$12,500 repayable semi-annually	407,500	427,500
1987 Series, due January 9, 1987		
6⅜%, U.S. $2,212,500—U.S. $52,500 repayable semi-annually	2,391,167	2,504,567
1988 Series, due August 1, 1988		
7-15/16%, U.S. $1,642,500—U.S. $32,500 repayable semi-annually	1,757,705	1,827,938
1991 Series, due February 1, 1991		
8½%, $65,000 repayable semi-annually	3,480,000	3,610,000
8%, U.S. $3,480,000—U.S. $65,000 repayable semi-annually	3,506,180	3,636,180
1991 Series, due September 1, 1991		
10½%, $31,000 repayable semi-annually	1,339,000	1,401,000
Mortgages Payable	52,841,815	47,154,493

Mortgages payable are subject to interest rates varying from 5% to 10¾% (with an effective average rate of approximately 7¾%) mature at various dates in the fiscal years 1975 to 1998 and are repayable approximately as follows:

Fiscal Year			
1975	$ 3,221,584	1978	$ 1,802,305
1976	$ 3,037,319	1979	$ 1,872,593
1977	$ 3,962,183	Subsequent to 1979	$38,945,831

	1974	1973
Sinking Fund Debentures		
8%, Series A, due November 1, 1991 (after deducting $256,400 ($172,500 in 1973) principal amount purchased and held for sinking fund purposes)—$240,100 repayable annually	6,276,000	6,600,000
8¾%, Series B, due January 3, 1994—$343,000 repayable annually commencing January 3, 1976	10,000,000	10,000,000
9⅛%, Series C, due September 1, 1995—$686,000 repayable annually commencing September 1, 1977	20,000,000	20,000,000
Notes Payable		
6½%-7½%, repayable $117,000 April 1, 1985 and $118,000 December 1, 1987	235,000	235,000
12¼%, repayable, September 26, 1977	2,000,000	—
Unsecured Advances from Parent Company		
9¾%, repayable July 10, 1975	—	9,842,520
13⅞% (subject ro review on July 15, 1975), repayable January 15, 1976	2,400,000	3,000,000
	$110,708,182	$114,707,001

Long-term debt payable in United States funds has been expressed in Canadian dollars at the rate of exchange prevailing when the funds were received. Conversion at the rate of exchange prevailing at September 30, 1974 would reduce the long-term debt by $873,000.

CAMPBELL, SHARP, NASH & FIELD
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Shareholders of
M.E.P.C. Canadian Properties Limited

We have examined the consolidated balance sheet of M.E.P.C. Canadian Properties Limited and its subsidiaries as at September 30, 1974 and the consolidated statements of earnings and retained earnings and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the companies as at September 30, 1974 and the results of their operations and the source and use of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Campbell, Sharp, Nash & Field

Toronto, November 1, 1974 — Chartered Accountants

"ROYAL BANK" BUILDING, PLACE D'YOUVILLE, QUEBEC CITY, QUEBEC▶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